


## Supply Chain Management

 Please refer to the JSR Sustainability Site for more details.  
[https://www.jsr.co.jp/jsr\\_e/sustainability/society/supplychain.shtml](https://www.jsr.co.jp/jsr_e/sustainability/society/supplychain.shtml)

### Philosophy

We believe that an important role of JSR Group is to offer innovative materials and excellent products that meet customer needs and contribute to the making of a better society. Towards that purpose, through supply chain management, we will respond to social issues together with our business partners.

### Sustainable procurement

As a business that handles chemicals, JSR Group is in a unique position to support society by delivering materials to various industries through its supply chain management. We consistently deliver products of proven quality to customers. The recent globalization of supply chains has seen the emergence of numerous issues in the supply chain, such as forced labor, child labor, environmental destruction, and corruption. In December 2018, we responded by formulating the JSR Group CSR/Sustainable Procurement Policy. The main parts are as follows.

- **Fair Corporate Activity**

In the processes of producing products and services, companies must engage in business activities that are based on fair, transparent, and free competition.

- **Human Rights and Labor**

Companies must act in accordance with the laws of each country and international standards, respect basic human rights, and pay attention to ensure that their business activities do not violate human rights, either directly or indirectly.

- **Environmental Conservation**

Companies have a responsibility to comply with the laws and standards of each country concerning environmental conservation, to specify and manage factors that impact on the environment by building a management system, and to work toward preserving the environment in their processes of producing products and services.

- **Health and Safety**

Companies must comply with the laws and standards of each country concerning occupational health and safety and establish management systems and mechanisms to prevent workplace accidents, promote the health and safety of employees, and create comfortable workplace environments.

- **Information Security**

Companies must properly manage and protect the information they obtain through business activities, take protective measures against threats to their computer networks, and manage the confidential information of customers and third parties in a manner that prevents leaks.

Sustainable business operations require ongoing supply chain management. In FY2021 we began distributing copies of JSR Group's procurement and human rights policies to suppliers and asking them to return their written endorsement of the policies' aims. This helps ensure that our business partners share our thinking and our commitment to meeting society's demands. We are also starting to hold a series of briefings and to take concrete actions to ensure that the entire Group, including companies both in Japan and overseas, are making similar efforts.

### Assessment of business partners

We assess candidates for new business partners based on certain criteria concerning the status of their financial affairs and level of quality management. We conduct an onsite audit prior to the start of business as well, to verify items concerning safety, the environment, and quality. Using the same standards as we use for ourselves, we also regularly check business partners with whom we have an ongoing business relationship to see if they are in compliance with our criteria. In particular, with regard to vital raw materials that are difficult to procure in an

emergency because of low availability or extreme scarcity, we strive to secure supply stability for customers by conducting regular supplier audits and onsite confirmation of items pertaining to supply continuity and providing proposals and guidance for quality reliability.

### Initiatives concerning conflict minerals

In keeping with our policy to never permit the use of conflict minerals, directly or indirectly, in FY2015, we conducted an investigation concerning the use of conflict minerals and confirmed that none of the targeted suppliers used them. There is, however, growing concern about potential human rights violations such as the use of child labor when minerals are extracted. To fully confirm whether such problems exist, in FY2021 we decided to investigate using the CMRT and EMRT, world-standard templates provided by the RMI. We have since begun taking concrete action on these concerns.

### Education and training of employees in charge of procurement

We educate and train purchasing department personnel on our sustainable procurement and conflict minerals initiatives to ensure that our practice of supply chain management is sound. We also support and encourage procurement staff to acquire Japan Management Association-accredited Certified Procurement Professional certification (CPP; certifying that a person has acquired specialized knowledge in the purchasing and procurement field) to further deepen their knowledge of procurement.